

to enter into trade agreements with the EC if there is no alternative when the present bilateral East-West agreements expire at the end of 1974, and the USSR will have no choice but to let them do so. The Soviets may prefer, however, that this be preceded by an umbrella-type agreement between the EC and CEMA.

The Eastern European countries will continue to be particularly interested in East-West industrial cooperation ventures, providing them with the needed capital and technology in return for labor and repayment in output. These varied arrangements will presumably remain outside the purview of the EC's Common Commercial Policy and be to some extent governed by bilateral long-term economic cooperation agreements such as those Poland has signed with France in 1972 and with Great Britain in 1973.

E. Spain

The US long has supported Spanish accession to NATO, but elements hostile to Franco in the Northern European Allied countries have sufficient political weight that an Allied consensus on Spain's admission to the NATO circle is unlikely before Franco's death. Nonetheless, because of Spain's strategic importance, the US has been pursuing actively efforts aimed at bringing Spain closer to NATO through informal links, largely in the military sphere. US officials regularly brief Spanish officials on NATO developments, and the Spaniards participate in joint exercises with the US. Eventually, however, Spain will likely move into a far closer relationship with NATO and its European members, as it assumes once again its more traditional role on the European stage.

F. The NATO Flank Countries

Of NATO's flank states -- Denmark, Norway, Italy, Greece and Turkey -- only Denmark and Italy are full EC members. Norway has negotiated an agreement with the EC for an industrial free trade area. Greece and Turkey are associate members of the EC, with full membership envisaged after a lengthy transition period stretching beyond the next decade. Nonetheless, the Allied flank states which are not full EC members remain important

SECRET